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Thursday May 13, 8:55 am Eastern Time

Company Press Release*SOURCE: American Pacific Corporation***American Pacific Reports Second Quarter Results**

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LAS VEGAS, May 13 /PRNewswire/ -- American Pacific Corporation (Nasdaq: [APFC](#) - [news](#)) today reported financial results for its fiscal 1999 second quarter and for the six months ended March 31, 1999, and provided information on the Company's operations.

Financial Results. The Company reported an increase in sales of \$2.8 million, or 20%, in the second quarter compared to the same quarter last year. Sales were \$16.9 million during the three-month period ended March 31, 1999, compared to \$14.1 million during the same period last year. Operating income increased \$0.7 million, or 25%, to \$3.5 million during the second quarter of this year compared to \$2.8 million during the same period last year.

In last year's second quarter, the Company sold \$75.0 million of unsecured senior notes (the "Notes") consummated an acquisition (the "Acquisition") of certain assets from Kerr-McGee Chemical Corporation ("Kerr-McGee") and repurchased the remaining \$25.0 million principal amount balance outstanding of subordinated secured notes (the "Azide Notes"). In connection with the repurchase, the Company recognized an extraordinary loss on debt extinguishment of approximately \$5.0 million.

Net interest expense was \$1.4 million during the three-month period ended March 31, 1999, compared to \$0.8 million during the same period last year. The increase in interest expense relates principally to the Company's sale of the Notes in March, 1998.

Net income before extraordinary loss was \$2.1 million during the second quarter of this year compared to \$2.0 million during the same period last year. Net income was \$2.1 million during the second quarter of this year compared to a net loss of \$3.0 million during the second quarter of last year. Diluted net income per share before extraordinary loss was \$0.25 during the three-month period ended March 31, 1999, compared to \$0.24 during the same period last year. Diluted net income per share was \$0.25 in the second quarter of fiscal 1999 compared to a diluted net loss per share of \$0.36 during the second quarter of last year.

Sales in the first six months of fiscal 1999 increased \$10.3 million, or 41%, to \$35.7 million compared to

\$25.4 million during the same period last year. Operating income for the first six months of this year was \$8.2 million compared to \$3.7 million in the same period last year.

Net interest expense was \$2.9 million during the first half of fiscal 1999 compared to \$1.5 million during the same period last year. The increase in interest expense was attributable to the Company's sale of Notes in March, 1998.

Net income before extraordinary loss was \$5.4 million during the six-month period ended March 31, 1999, compared to \$2.6 million during the same period last year. Net income for the first six months of this year was \$5.4 million compared to a net loss of \$2.4 million during the first six months of last year. Diluted net income per share before extraordinary loss was \$0.65 during the first six months of fiscal 1999 compared to \$0.31 during the first six months of last year. Diluted net income per share was \$0.65 for the first six months of fiscal 1999 compared to diluted net loss per share of \$0.30 during the first six months of last year.

The increases in sales during the three-month and six-month periods ended March 31, 1999, compared to the same periods last year were attributable to increased sales of perchlorate and sodium azide chemicals. Such increases were partially offset by decreases in real estate and environmental protection equipment sales. A significant portion of the increases in sales in the second quarter and during the first six months of this year was attributable to increases in perchlorate sales. These increases were primarily attributable to the consummation of the Acquisition.

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") was approximately \$5.2 million during the second quarter compared to EBITDA of approximately \$3.7 million during the second quarter of last year. EBITDA was approximately \$12.2 million during the first six months of fiscal 1999 compared to \$6.4 million during the same period last year. The increases in EBITDA relate primarily to increased sales and improved margins in perchlorate operations.

Perchlorate Chemicals. Sales of perchlorate chemicals amounted to approximately \$13.1 million and \$9.7 million during the three-month periods ended March 31, 1999 and 1998, respectively, and \$25.6 million and \$15.3 million during the six-month periods ended March 31, 1999 and 1998, respectively.

Azide Chemicals. Sodium azide sales were \$3.4 million in the second quarter of fiscal 1999 compared to \$2.5 million in last year's second quarter. Sodium azide sales were \$7.1 million during the first six months of fiscal 1999 compared to \$6.1 million in the same period last year.

Fire Suppression Chemicals. Sales of Halotron(TM) amounted to approximately \$0.2 million during the second quarters of both fiscal 1999 and 1998, and \$0.4 million during the first six months of both fiscal 1999 and 1998.

Real Estate. Real estate and related sales amounted to \$0.1 million in the second quarter of fiscal 1999 compared to \$0.7 million during the same period last year, and \$1.7 million during the first six months of fiscal 1999 compared to \$2.4 million during the same period last year.

Environmental Protection Products. Environmental protection equipment sales were \$0.1 million and \$1.0 million during the second quarters of fiscal 1999 and 1998, respectively, and \$0.9 million and \$1.3 million during the six-month periods ended March 31, 1999 and 1998, respectively.

Treasury Stock. During the first six months of fiscal 1999, the Company purchased approximately 92,000 shares of its Common Stock for a total cost of approximately \$0.7 million. The Company has not

determined how many additional shares will be purchased or the time period during which the purchases will be made. The Company is limited in the number of shares it is permitted to purchase by the terms of the Indenture governing the Notes.

Contingencies. Trace amounts of perchlorate chemicals have been found in Lake Mead. Clark County, Nevada, where Lake Mead is situated, is the location of Kerr-McGee's AP operations, and was the location of the Company's AP operations until May 1988. The Company is cooperating with State and local agencies, and with Kerr-McGee and other interested firms, in the investigation and evaluation of the source or sources of these trace amounts, possible environmental impacts, and potential remediation methods. Until these investigations and evaluations have reached definitive conclusions, it will not be possible for the Company to determine the extent to which, if at all, the Company may be called upon to contribute to or assist with future remediation efforts, or the financial impacts, if any, of such cooperation, contributions or assistance.

Forward Looking Statements

Except for the historical information contained herein, this News Release may contain Forward Looking Statements that are subject to risks and uncertainties, including potential declining demand and/or downward pricing pressures for the Company's products, governmental budget constraints and/or decreases affecting the U.S. Department of Defense or NASA which would cause a continued decrease in demand for AP, technological advances or new competitive products causing a reduction or elimination of demand for the Company's products, failure to satisfactorily integrate the Acquisition of the AP business of Kerr-McGee, success or failure of government programs of governmental customers, as well as other risks detailed from time to time in the Company's SEC reports, including the most recent Form 10-K and 10-Q Reports. In addition, the operating results and cash flows for the three-month and six-month periods ended March 31, 1999 are not necessarily indicative of the results that will be achieved for the full fiscal year or for future periods.

American Pacific Corporation is a specialty chemical company that produces products used primarily in space flight and defense systems, automotive airbag safety systems and fire extinguishment systems. The Company also designs and manufactures environmental protection products and is involved in real estate development.

AMERICAN PACIFIC CORPORATION Condensed Consolidated Statements of Operations (Unaudited)

	For the three months ended March 31,		For the six months ended March 31,	
	1999	1998	1999	1998
Sales and Operating Revenues	\$16,891,000	\$14,119,000	\$35,745,000	\$25,387,000
Cost of Sales	10,970,000	9,129,000	22,558,000	17,235,000
Gross Profit	5,921,000	4,990,000	13,187,000	8,152,000
Operating Expenses	2,465,000	2,247,000	4,957,000	4,430,000
Operating Income	3,456,000	2,743,000	8,230,000	3,722,000
Equity in Earnings of Real Estate Venture	--	--	--	300,000
Net Interest and Other Expense	1,392,000	750,000	2,865,000	1,463,000

Income Before Provision for Income Taxes	2,064,000	1,993,000	5,365,000	2,559,000
Provision for Income Taxes				
Net Income Before Extraordinary Loss	2,064,000	1,993,000	5,365,000	2,559,000
Extraordinary Loss-Debt Extinguishment	--	5,005,000	--	5,005,000
Net Income (Loss)	\$2,064,000	\$(3,012,000)	\$5,365,000	\$(2,446,000)
Basic Net Income (Loss) Per Share:				
Income Before Extraordinary Loss	\$.25	\$.24	\$.66	\$.31
Extraordinary Loss	\$--	\$(.61)	\$--	\$(.61)
Net Income (Loss)	\$.25	\$(.37)	\$.66	\$(.30)
Average Shares Outstanding	8,144,000	8,165,000	8,167,000	8,151,000
Diluted Net Income (Loss) Per Share:				
Income Before Extraordinary Loss	\$.25	\$.24	\$.65	\$.31
Extraordinary Loss	\$--	\$(.60)	\$--	\$(.61)
Net Income (Loss)	\$.25	\$(.36)	\$.65	\$(.30)
Diluted Shares	8,291,000	8,337,000	8,267,000	8,280,000

AMERICAN PACIFIC CORPORATION
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 1999	September 30, 1998
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$29,667,000	\$20,389,000
Accounts and Notes Receivable	10,284,000	8,927,000
Related Party Notes Receivable	480,000	536,000
Inventories	10,836,000	13,730,000
Prepaid Expenses and Other Assets	953,000	839,000
Restricted Cash	1,181,000	1,176,000
Total Current Assets	53,401,000	45,597,000
Property, Plant and Equipment, Net	20,004,000	19,529,000
Intangible Assets, Net	36,226,000	38,252,000
Development Property	6,781,000	7,036,000
Real Estate Equity Investments	15,732,000	17,112,000
Other Assets, Net	3,002,000	3,233,000

TOTAL ASSETS	\$135,146,000	\$130,759,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$9,665,000	\$9,635,000
Current Portion of Long-Term Debt	1,181,000	1,176,000
Total Current Liabilities	10,846,000	10,811,000
Long-Term Debt	70,000,000	70,000,000
Long-Term Payables	2,007,000	2,350,000
TOTAL LIABILITIES	82,853,000	83,161,000
Commitments and Contingencies		
Warrants to Purchase Common Stock	3,569,000	3,569,000
Shareholders' Equity:		
Common Stock	843,000	842,000
Capital in Excess of Par Value	79,532,000	79,488,000
Accumulated Deficit	(29,353,000)	(34,718,000)
Treasury Stock	(2,211,000)	(1,486,000)
Receivable from the Sale of Stock	(87,000)	(97,000)
Total Shareholders' Equity	48,724,000	44,029,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$135,146,000	\$130,759,000

AMERICAN PACIFIC CORPORATION
Condensed Consolidated Cash Flow Statements
(Unaudited)

	For the three months ended March 31,		For the six months ended March 31,	
	1999	1998	1999	1998
Cash Provided by (Used For) Operating Activities	\$(591,000)	\$5,059,000	\$10,670,000	\$(411,000)
Cash Flows Provided by (Used For) Investing Activities:				
Capital Expenditures	(387,000)	(679,000)	(2,092,000)	(1,648,000)
Payment for Acquisition of Intangible Real Estate Equity Investment	--	(39,000,000)	--	(39,000,000)
Capital Activity	916,000	1,018,000	1,380,000	2,731,000
Net Cash Provided by (Used For) Investing Activities	529,000	(38,661,000)	(712,000)	(37,917,000)
Cash Flows from				

Financing Activities:				
Principal Payments				
on Debt	--	(30,000,000)	--	(31,166,000)
Issuance of Notes	--	75,000,000	--	75,000,000
Premium Paid on				
Debt Extinguishment	--	(3,250,000)	--	(3,250,000)
Debt issue Costs	--	(2,707,000)	--	(2,707,000)
Issuance of				
Common Stock	45,000	599,000	45,000	599,000
Treasury Stock				
Acquired	(425,000)	--	(725,000)	--
Net Cash Provided				
by (Used For)				
Financing				
Activities	(380,000)	39,642,000	(680,000)	38,476,000
Net Increase				
(Decrease) in				
Cash and Cash				
Equivalents	(442,000)	6,040,000	9,278,000	148,000
Cash and Cash				
Equivalents,				
Beginning				
of Period	30,109,000	12,989,000	20,389,000	18,881,000
Cash and Cash				
Equivalents,				
End of Period	\$29,667,000	\$19,029,000	\$29,667,000	\$19,029,000
Supplemental				
Disclosure of				
Cash Flow				
Information:				
Interest Paid				
(Net of Amounts				
Capitalized)	\$3,238,000	\$1,650,000	\$3,238,000	\$1,650,000

SOURCE: American Pacific Corporation

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